

**State of Alaska
FY2009 Governor's Operating Budget**

**Department of Transportation/Public Facilities
Vessel Operations Management
Component Budget Summary**

Component: Vessel Operations Management

Contribution to Department's Mission

To provide safe, secure, reliable, and efficient transportation of people, goods, and vehicles through the Alaska Marine Highway System (AMHS) by developing sound policy and procedures for operations, and staffing with well trained professionals who are sensitive to the needs of our customers.

Core Services

- Vessel Operations Management oversees the operation of 11 ships and 16 state-owned terminals with 776 vessel employees and 164 personnel ashore.

Other services provided include:

- Develop, implement and enforce policies and procedures for the AMHS.
- Enforce labor contracts and schedule qualified employees for work assignments to meet required staffing levels including vacation and sick leave reliefs.
- Provide training of vessel and terminal personnel to enhance safety and service for the traveling public and meet the Standards for Training, Certification and Watch keeping for Seafarers (STCW) requirements, along with all other required federal maritime, state operating and OSHA requirements.
- Provide support for vessel and terminal personnel in the performance of their duties to enhance efficient and customer-oriented operations.
- Provide security for our employees, passengers, and vessels as per the system wide security regulations of the federal Maritime Transportation Security Act (MTSA).
- Work with state and federal emergency management officials to ensure that all required plans, drills, exercises, and coordination is satisfied, and to ensure that the AMHS is capable of a safe and efficient response in the event of a state or national emergency.

FY2009 Resources Allocated to Achieve Results		
FY2009 Component Budget: \$3,502,600	Personnel:	
	Full time	40
	Part time	1
	Total	41

Key Component Challenges

The future planning of the fleet configuration is critical. Long term policy decisions will need to be made with regard to the integration of a new class of SE shuttle vessel to operate in Lynn Canal, and that of a Southern Gateway Shuttle operating between Prince Rupert and Ketchikan, along with the phasing out and re-routing of older vessels in the fleet. Funding for any future vessels will also remain a challenge to the system. FVF crew training and retention under the demanding High Speed Craft Code along with standard fleet training requirements, and the ever increasing federal maritime requirements continue to challenge the system.

As the current mainline vessels age, the accelerated maintenance demands required in association with that aging process will be difficult as the system faces the possibility of diminishing federal funds necessary for those repairs.

Federal rules require security plans to be in place for both vessels and terminals. Compliance with these rules requires changes to both the physical terminal infrastructure and training for both shipboard and terminal employees. Terminal security plans and training are an ongoing process. Shore side security organization and structure requires frequent updates, planning meetings, and drills. Funding for increasing security demands, along with the new requirements for vessel, terminal and some office support staff to obtain a new transportation worker identification biometric card, will present both logistical complexities, along with new financial impacts. The system continues to look at obtaining security grants, and some state funding to match those federal grants. Federal OSHA regulations will also continue to require additional safety audits, and adherence to OSHA regulations for all AMHS's operated terminals. Compliance with, and participation in the ever increasing development of both federal and state emergency management plans will be both a financial and shore side operational staffing challenge.

The AMHS continues to move forward with the new automated crew dispatch system, which will allow the AMHS to be more efficient with all aspects of the complex crew dispatching process. The new dispatch system will also upgrade and replace the present vessel scheduling computer program.

The AMHS is moving forward with the enhancement or replacement of its present reservations system with a more efficient, modern, up to date, and less labor intensive system. The AMHS will continue making improvements to its present on line reservations system, allowing customers to make reservations from personal computers, along with the ability to print their own tickets. Bar coding of tickets could eliminate the need for terminal check-in thus reducing terminal employee work loads, and freeing them for other important duties. Bar coding is currently being studied by programming staff, and hopefully can be fully integrated with the new reservations system.

The AMHS will continue with the implementation of an Internet based satellite communication system on board vessels. This equipment will allow the system to generate more revenue in the areas of internet cafes and cash machines aboard the vessels. Once the entire fleet is equipped with this capability it will allow the system to operate its current reservation system much more efficiently, with a continuous real time accounting of the system's reservation status along with more efficiencies and increased revenue possibilities for ticket sales. This equipment will also instantly detect NSF checks when attempts are made to purchase goods or services thus providing savings to the system in the area of bad check and credit card liability. Installation of the satellite systems is being conducted during federally funded projects, but with the possibility of diminishing federal funding and the ever increasing repairs required to keep the aging vessels operating, the installation of these systems are challenged.

Fleet personnel retirement and turnover is causing management to apply aggressive employee recruitment via maritime academies, trade journals, and the Washington State Ferry system. Loss of deck officers through retirements has created an increase in premium overtime, as those officers with the required pilotage must supplement those without the necessary pilotage.

Significant Changes in Results to be Delivered in FY2009

No significant changes are anticipated.

Major Component Accomplishments in 2007

- 428 total operating weeks of service was provided in Southeast and Southwest Alaska, including cross-Gulf of Alaska service connecting the two systems and the interior.
- Successfully completed re-certification of the FVF Fairweather and Chenega with the USCG of the systems High Speed Craft Code (HSC) training program.
- Continued to make system wide improvements to the required federal Maritime Transportation Security Act (MTSA) security plans, operations, and training for vessel, shore side, and terminal personnel. Continued upgrades have been made to the terminal security infrastructure, as per federal requirements.
- Increased system wide ridership and vehicle transports after many years of decreasing numbers.

- Maintained continued certification with International Safety Management (ISM), Safety Management System (SMS), Maritime Transportation Security Act (MTSA), and OSHA regulations.
- Commenced the process of developing a new reservation system
- Signed a one year rollover agreement with two of the three maritime labor unions.

Statutory and Regulatory Authority

AS 19
AS 44

Contact Information
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Vessel Operations Management Component Financial Summary

All dollars shown in thousands

	FY2007 Actuals	FY2008 Management Plan	FY2009 Governor
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	3,021.4	3,129.5	3,255.4
72000 Travel	133.9	41.9	41.9
73000 Services	62.2	146.5	146.5
74000 Commodities	26.3	58.8	58.8
75000 Capital Outlay	0.0	0.0	0.0
77000 Grants, Benefits	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
Expenditure Totals	3,243.8	3,376.7	3,502.6
Funding Sources:			
1004 General Fund Receipts	0.0	0.0	0.0
1061 Capital Improvement Project Receipts	107.9	107.9	107.9
1076 Marine Highway System Fund	3,135.9	3,268.8	3,394.7
Funding Totals	3,243.8	3,376.7	3,502.6

Estimated Revenue Collections

Description	Master Revenue Account	FY2007 Actuals	FY2008 Management Plan	FY2009 Governor
Unrestricted Revenues				
None.		0.0	0.0	0.0
Unrestricted Total		0.0	0.0	0.0
Restricted Revenues				
Capital Improvement Project Receipts	51200	107.9	107.9	107.9
Restricted Total		107.9	107.9	107.9
Total Estimated Revenues		107.9	107.9	107.9

**Summary of Component Budget Changes
From FY2008 Management Plan to FY2009 Governor**

All dollars shown in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2008 Management Plan	0.0	0.0	3,376.7	3,376.7
Adjustments which will continue current level of service:				
-FY 09 Health Insurance Increases for Exempt Employees	0.0	0.0	0.6	0.6
-Correct Unrealizable Fund Sources for Salary Adjustments: Exempt	0.6	0.0	-0.6	0.0
-FY 09 Bargaining Unit Contract Terms: General Government Unit	0.0	0.0	113.5	113.5
-Correct Unrealizable Fund Sources for Salary Adjustments: GGU	113.5	0.0	-113.5	0.0
-FY 09 Bargaining Unit Contract Terms: Confidential Unit	0.0	0.0	11.8	11.8
-Correct Unrealizable Fund Sources for Salary Adjustments: CEA	11.8	0.0	-11.8	0.0
-Consolidate General Funds for Marine Vessel Operations	0.0	0.0	125.9	125.9
-Consolidate General Funds for Marine Vessel Operations	-125.9	0.0	0.0	-125.9
FY2009 Governor	0.0	0.0	3,502.6	3,502.6

**Vessel Operations Management
Personal Services Information**

Authorized Positions		Personal Services Costs		
<u>FY2008</u>				
<u>Management</u>		<u>FY2009</u>		
<u>Plan</u>		<u>Governor</u>		
Full-time	40	40	Annual Salaries	2,025,738
Part-time	1	1	COLA	117,560
Nonpermanent	0	0	Premium Pay	60,746
			Annual Benefits	1,210,472
			<i>Less 4.66% Vacancy Factor</i>	(159,116)
			Lump Sum Premium Pay	0
Totals	41	41	Total Personal Services	3,255,400

Position Classification Summary

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Accounting Tech II	0	0	0	1	1
Administrative Assistant	0	0	0	1	1
Administrative Clerk I	0	0	0	2	2
Administrative Clerk II	0	0	0	3	3
Administrative Clerk III	0	0	0	4	4
Administrative Manager I	0	0	0	1	1
Administrative Manager IV	0	0	0	1	1
Amhs Dispatch Supervisor	0	0	0	1	1
Amhs Dispatcher	0	0	0	4	4
Amhs Security Officer	0	0	0	1	1
Analyst/Programmer III	0	0	1	0	1
Analyst/Programmer IV	0	0	1	0	1
Analyst/Programmer V	0	0	1	0	1
Asst Port Captain	0	0	0	1	1
Budget Analyst III	0	0	0	1	1
Division Director	0	0	0	1	1
Marine Trans Svcs Mgr	0	0	1	1	2
Micro/Network Spec I	0	0	0	2	2
Micro/Network Tech II	0	0	0	1	1
Passenger Services Insp	0	0	0	2	2
Port Captain	0	0	0	2	2
Prog Coordinator	0	0	0	1	1
Research Analyst II	0	0	0	1	1
Safety Officer	0	0	0	1	1
Secretary	0	0	0	1	1
Ship Services Mgr/Port Steward	0	0	1	0	1
Training Specialist I	0	0	0	1	1
Vessel Scheduling Coordinator	0	0	0	1	1
Totals	0	0	5	36	41